

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6837

BILL NUMBER: SB 358

NOTE PREPARED: Jan 2, 2012

BILL AMENDED:

SUBJECT: Local Road Funding and Sales Tax on Gasoline.

FIRST AUTHOR: Sen. Skinner

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that part of the Sales Tax collected on gasoline is to be allocated to counties, cities, and towns for road and street projects. It specifies that the allocation is the tax on that part of the retail price, including federal and state gasoline taxes, that exceeds \$3. The bill provides that the money is to be distributed to counties, cities, and towns after each quarter based on their proportionate share of local road and street mileage. It specifies that amounts distributed may be used by counties, cities, and towns for the same purposes for which money from the local road and street account may be used.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *DOR and Auditor of State:* This bill will cause an increase in administrative costs to the DOR and the Auditor of State. However, it is estimated the provisions in this bill can be implemented within the existing level of resources available to these agencies.

Explanation of State Revenues: *Summary:* This bill would have no impact on revenue, but would affect Sales Tax distribution. This bill will shift Sales Tax revenue from the state General Fund to the Local Road and Street Account. The amount of revenue that will be shifted depends on the amount by which the most recent statewide average retail price per gallon exceeds \$3.00 and the number of gallons purchased each quarter.

As an illustration, if the average retail price of gasoline was \$3.40 (including all taxes), this bill could potentially shift approximately \$84 M annually in Sales Tax revenue from the state General Fund to the Local Road and Street Account. The impact could potentially be higher since this estimate does not account for Sales Tax collections on diesel.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill will increase the amount of Sales Tax revenue that is distributed to counties, cities, and towns. The formula requires the Auditor to distribute these funds to each county on the basis of the ratio of each county's road and street mileage to the total county road and street mileage in the state. The Auditor is also required to make a suballocation to the cities and towns within the county. The suballocation formula depends on the city and town street mileage in the county.

State Agencies Affected: DOR; Auditor of State.

Local Agencies Affected: Counties, cities, and towns.

Information Sources: Bob Lain, State Budget Agency, 317-232-3471; Energy Information Administration Short Term Energy Outlook, December 2011, www.eia.doe.gov.

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